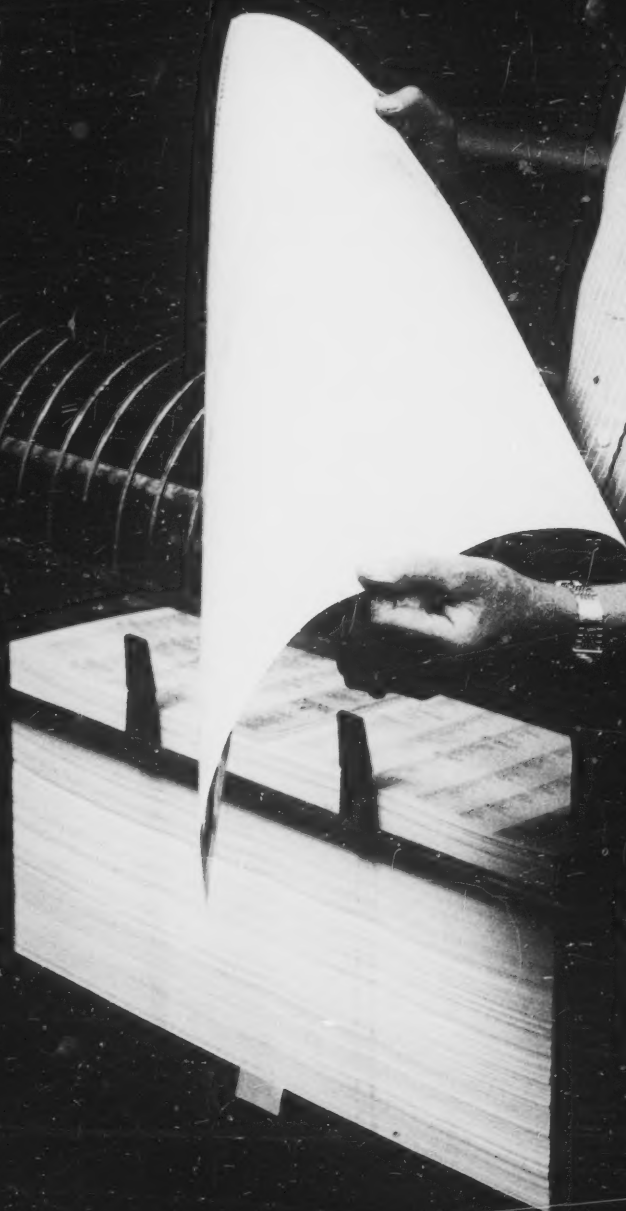


NPTA MANAGEMENT NEWS

A8140-3

AUGUST 1985

MN



**Expectations
for Printing and
Paper Demand**



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NPTA MANAGEMENT NEWS

VOL. XXVI/NO.8

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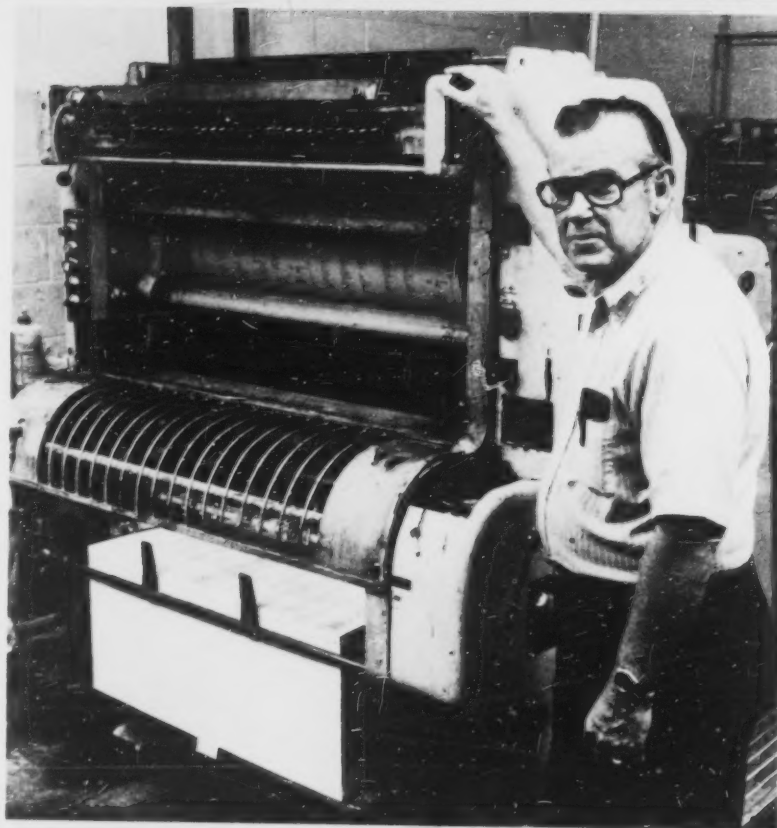
Michael B. Weir



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The printing industry presents many challenges ahead. Printers are concerned about their paper supply.



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Expectations for Printing and Paper Demand

Merchants and their printing customers are concerned about the future availability of paper as well as the demand for printing. New outlooks are available for MN readers.

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Why Have a Company Newsletter?

Starting a company newsletter can really pay off for paper merchants. Moore Paper Company's *Moore Good News* is featured.

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Elegant Paper Ware

Disposable paper cups and plates have been elevated to a loftier plain. The acceptability of paper disposables is growing.

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Paper Merchant Sales Report

Cover Photo: Ben Asen

NPTA WELCOMES 15 NEW MEMBERS

It was with great pleasure that NPTA president John J. Buckley, Jr., welcomed 15 companies to the ranks of its membership:

Bellervie Paper Company
5826 South Broadway
St. Louis, MO 63111
Harry W. Tretter, Jr., President
established: 1982
type: industrial
location: 1

Capital City Paper Company
1212 Stevenson Drive
Springfield, IL 62708
Bob Bunn, President
established: 1912
type: dual
location: 1

Cassiday Cosgrove Distributors, Inc.
120 S. Greenwood Street
Spring Valley, IL 61362
John Cosgrove, President
established: 1950
type: industrial
location: 1

Image Supply Inc.
2114 N. Cedar Street
Lumberton, NC 28358
David L. Edge, President
established: 1976
type: industrial
location: 1

Krasny Supply Company, Inc.
538 Milwaukee
Chicago, IL 60622
Irving Naiditch, President
established: 1979
type: industrial
location: 3

Michigan Paper Company
3155 W. Big Beaver Road #121
Troy, MI 48084
John V. Bonander, President
established: 1983
type: printing
location: 1

National Paper & Packaging Inc.
70 Franklin Avenue
Brooklyn, NY 11205
Martin Schlesinger, President
established: 1979
type: industrial
location: 1

Paper Mills Agency, Inc.
1213 First Avenue South
Seattle, WA 98134
John F. Bradley, President
established: 1924
type: printing
location: 1

Penn Jersey Paper Company
2801 Red Lion Road
Philadelphia, PA 19154
Thomas R. Furia, Sr., President
established: 1963
type: industrial
location: 1

Polyplast Group Inc.
9210 NW 12th Street
Miami, FL 33172
Robert K. Ruland, General Manager
established: 1983
type: industrial
location: 1

Star Paper Company, Inc.
133 Hale Street
Haverhill, MA 01830
Nicholas Peterson, President
established: 1936
type: industrial
location: 1

The Stevens Company
6550 Okeechobee Boulevard
West Palm Beach, FL 33411
Louis A. Stevens, President
established: 1955
type: industrial
location: 1

Thompson Merchandising & Supply
5600 6th Avenue South
Seattle, WA 98108
Dick Thompson, President
established: 1970
type: industrial
location: 1

Wegbreit & Associates, Inc.
3420 E. Sheat Boulevard
Phoenix, AZ 85028
Norman Wegbreit, President
established: 1982
type: dual
location: 1

Whitaker Carpenter Paper Company
2651 Carl Boulevard
Elk Grove Village, IL 60007
T. Washburn, President
established: 1886
type: printing
location: 1

WESTERN PAPER ACQUIRES BEACON

Western Paper Company, a division of Hammermill Paper Company, announced the acquisition of Beacon Paper Company, St. Louis, MO.

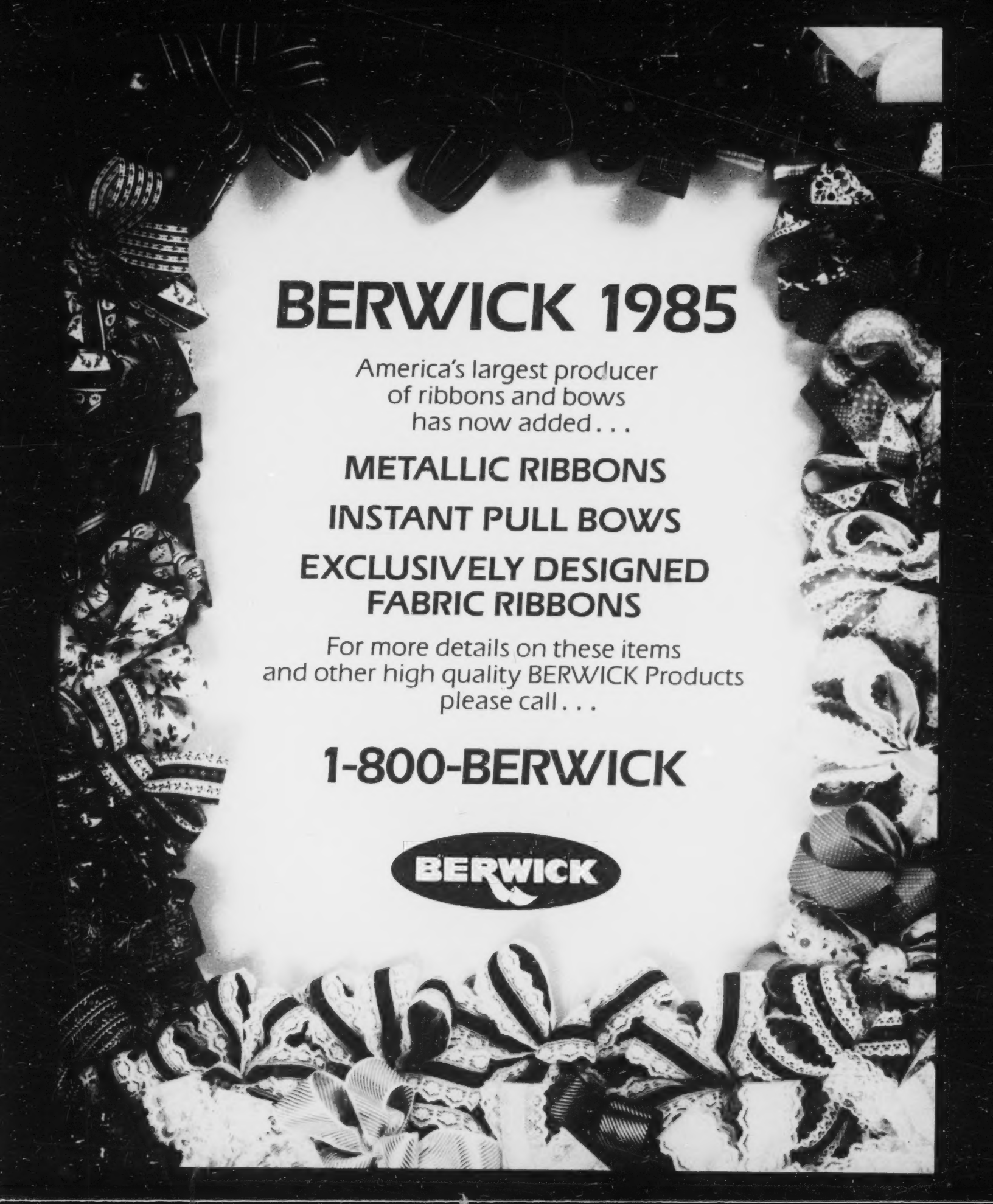
Beacon Paper Company has been a major printing paper distributor in St. Louis for 75 years, and has three retail outlets in addition to its main warehouse.

Thomas A. Fascetti will continue to manage the company and will report to W. R. Hearshman, president of Western Paper Company, Overland Park, KS.

OK IS OKAY WITH O.K.

On July 15, 1985, OK Papers, headquartered in Franklin Park, IL, celebrated its 40th birthday. And that's okay. Especially if one were to ask O.K. Sensenbrenner the company's founder.

As one of Chicagoland's paper distributors serving the school, industrial and hospital industries, OK is quite proud to be located at the geographic center of the Chicago distribution market. And O.K. has stood at the center of his company for 40 years after having spent 13 years with the Marathon Corporation. Company longevity abounds with examples like Bob Sensenbrenner at 39 years, John Peel with 33 years, Gene Siwinski having 29 years and Lester Prisk with 20 years. Okay? OK.



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SCOTT ACQUIRES HOFFMASTER

Scott Paper Company announced that it has acquired the Hoffmaster Company, Inc., a manufacturer of napkins, placemats, tablecovers and other products for the away-from-home foodservice market. The Oshkosh, WI firm also markets a line of consumer plates and plastic utensils.

Scott chairman and chief executive officer Philip E. Lippincott said the acquisition of Hoffmaster, which recorded sales of nearly \$50 million in 1984, is an important step in Scott's growth strategy to build its position in the expanding away-from-home foodservice market.

"Total consumer spending for food service," Lippincott said, "is expected to continue its substantial growth. People eating meals away from home and a ma-

turing population will sustain and accelerate the trend toward the use of better quality napkins, placemats and other tabletop products."

Lippincott explained that Hoffmaster is particularly well-positioned to take full advantage of these demographic trends. "The company is a recognized quality leader in manufacturing, marketing and selling high quality specialty products to the foodservice industry," he said. "Its distinctiveness centers on excellence in creative design capabilities, new product development and customer service."

COPCO OPENS PAPER PLUS STORE

The new Paper Plus store in Southfield, MI is the first of several that Copco will

open during 1985. A second store is targeted for a mid-summer opening in Sterling Heights, MI.

According to Kirk Buckham, vice president of marketing-information products, the Paper Plus store is designed to serve the small to medium-size businesses in convenient suburban locations. The cash and carry stores will stock a wide variety of fine papers, as well as related products, including graphic art supplies, office products, school supplies, industrial and janitorial items and word and data processing supplies.

"Through this new marketing service," says Buckham, "Copco is able to offer both economy and convenience to businesses and institutions that buy in smaller quantities."

EVENTS

AUGUST

25-27. *Institute for Graphic Communication's Advances in Impactless Printing*, Holiday Inn on the Beach, Monterey, CA. For more information regarding IGC Conferences call 617-267-9425.

26-28. *The Keys to Growth as a Sales Manager*, New York, NY Contact NPTA.

OCTOBER

5-8 NPTA's Annual Convention and Exposition, New York Hilton, Sheraton Centre Hotels, New York, NY. Contact NPTA.

23. *Managing Customer and Product Line Profitability—A Key to Survival and Growth in the 80s.*, Los Angeles, CA. Contact NPTA.

24. *Print Pacific '85*, San Mateo Expo Center, San Francisco, Ca. For more information contact Dwight Mitchell, show manager, 415-962-8976.

28-11/1. *Printech Week*, Rochester, NY. Contact NPTA.

NOVEMBER

6-8. *Trends in Paper Distribution Computerization Conference*, St. Louis, MO. Contact NPTA.

10-15. *Paper Distribution Management Development Program*, Oxford, OH. Contact NPTA.

18-19. *The second uncoated groundwood papers conference*, Waldorf-Astoria, New York, NY. For more information contact: David R. Allan, Pulp & Paper Seminar Department, 212-683-9294.

19-20. *Successful Inventory Management for the Wholesale Paper Distributor*, Seattle, WA. Contact NPTA.

EARLY PAPER MACHINE MODEL GOES TO D.C.

A working half-size model of the earliest papermaking machine, first presented in France in 1798 by Nicholas Louis Robert and the direct ancestor of the massive papermaking equipment in use today, has been donated to the National Museum of American History of The Smithsonian Institution and is now on public exhibition at the Museum's Hall of Graphic Arts, in Washington, D.C.

This, according to a recent report in *Printing News*, is a model that was commissioned by Leonard B. Schlosser, chairman of Lindenmeyer Paper headquartered in New York City. It was given to the museum to commemorate the company's 125th anniversary.

TWO MERCHANTS JOIN IPAC

Intercontinental Paper American Coverage, Inc. (IPAC) has specialized for 18 years as a mill rep to the U.S. market for leading printer paper mills in Scandinavia, England, Europe and South America.

They announced that two former Blake,

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Moffitt & Towne paper merchants have joined their staff. William C. Anderson, previously vice president, printing papers for BM&T has been named executive vice president of the company. He will also manage their new San Francisco office. Michael de la Cuesta has been appointed vice president, marketing services. He previously held the position of general merchandising manager, printing papers at BM&T.

Russell D. Liska, president and CEO of IPAC, said that "The addition of these two veteran printing paper executives brings to IPAC a wealth of professional paper mill and merchant experience that, coupled with the new San Francisco office, permits IPAC to offer significantly expanded national coverage on behalf of its several offshore mills to the American printing paper merchant industry."

NPTA BOARD NOMINATIONS OPEN

The National Paper Trade Association announced that nominations will be accepted for elections to its board and executive committee through September 15, 1985. Nominations should be made in writing giving background on the nominee and forwarded to Lionel Eltis, nominating committee chairman, National Paper Trade Association, 111 Great Neck Road, Great Neck, NY 11021.

The election will take place at the Association's Annual Business Meeting, October 6, 1985 during the NPTA Convention. Terms of office run from convention to convention each year.

BRADNER OPENS PACIFIC PAPERS

Bradner Central Company, Chicago, announced the formation of Pacific Papers Unlimited, a new full-service paper distributor serving the paper needs of the business forms industry in the Los Angeles, California area. The opening, July

8, 1985, activated the office and warehouse facilities at 4550 Maywood Avenue, Vernon, CA.

William B. Mangold, president of the new division of Bradner Central, states, "Business forms manufacturers in Southern California and Arizona now have immediate access to well-known paper sources plus a new line of register bond, a new source of carbonless papers, fast delivery, and special roll sizes."

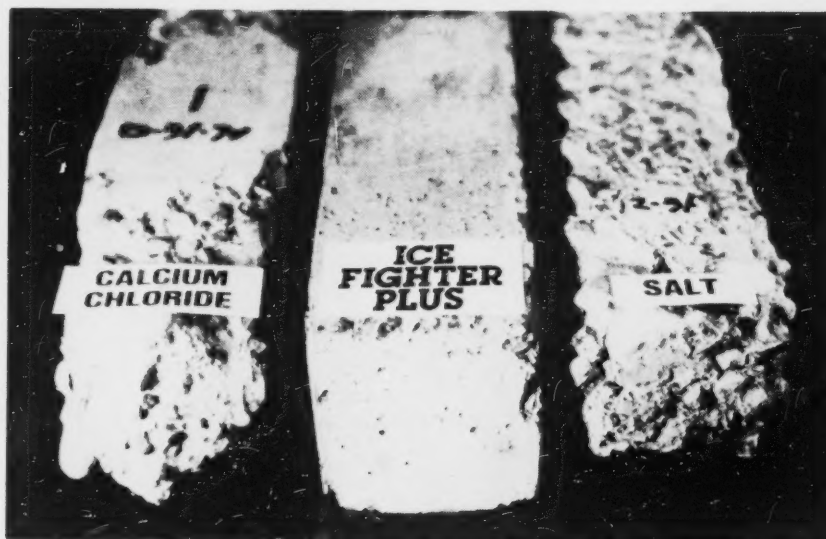
Bradner Central Company, 133-year old privately held paper company, includes Bradner Smith & Company, a Chi-

cago-based distributor of fine papers since 1852; Diameter Paper Company, Atlanta, GA, and Rotary Paper Manifold Company, Schiller Park, IL.

PEOPLE IN THE NEWS

Fredric A. Bennett has been appointed executive vice president of Ris Paper Company's New York Division.

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MEMBER
ISSA

John Kowpak has been named manager-corporate data center of Monarch Paper Company of Houston, TX. Mike Borth has become sales manager-fine paper for the company's Houston Division, and Ray Cannon has been named merchandise manager. In Austin, Monarch named Forrest Shade as customer service manager.

Charles A. Thompson has been elected vice president and general manager of the Oklahoma City operation of Butler Paper. Tom Tyler has become branch manager in Sherman, TX for the company and Colby Mulligan has been named vice president and division manager of Butler's Chatfield Paper's Providence, RI operation. Craig Anderson has been named vice president and general manager of the company's Little Rock, AR operation.

Richard F. Bartman has been promoted to branch manager of the Menomonee Falls, WI distribution center of Inlander-Steindler Paper Company. Michael F. Sigward has been relocated by Mead Merchants to Nashville to manage the companies houses in Nashville, Memphis, Birmingham, Chattanooga and Knoxville. This comes as a result of the merger of Meads Southern and Central Areas. Elliott R. Ingram has been appointed vice president-general manager in Indianapolis.

Barbara J. Trapani has been named marketing manager of J.B. Papers in Union, NJ.

E. Walter Evans, formerly Dallas Regional sales manager, of Champion International, has joined WWF National as vice president-sales for the Southwestern United States.

Bruce Kay, Ray Giusto, Vince Cartelli, Al Murray, Ted Bielen and Jim Slattery of George W. Millar & Company in New York City were six of the top 30 sales people nationwide in a recent Hammermill Papers Group promotion.

Richard J. Carota has been elected chairman of Finch, Pruyn. He will continue as president and CEO. John A. Sheldon has been named vice president, purchasing of the company.

Coleman R. Larlee has been appointed vice president, publication papers for Champion International.

Terrance N. Pendleton has been named

vice president, sales for Nekoosa's Great Northern Paper Company.

Ashok N. Bakhru, former vice president and treasurer, has been promoted to senior vice president and chief financial officer of Scott Paper Company. Ronald P. Gray has been named corporate vice president, human resources and Darwin A. John has become corporate vice president and chief planning, development and information officer.

Kenwood C. Nichols has been named senior vice president of Champion International and Michael P. Corey has become vice president corporate planning of the company.

Alan L. Rowland has been appointed director of marketing services/planning for the Curtis Paper Division of James River. Dennis S. Perrotta has been named New England regional manager and James B. Wayman has become director of market development.

Robert Boyd has been chosen "salesman of the year" for the Georgia-Pacific Corporation's bag and sack division.

Curtis Carr has joined the Carroll Company as regional sales director.

David M. Worth, vice president of Shamrock Gravure Products has won the 1985 International Paper Company's "American Eagle Crystal Ball Award" for accurate economic forecasting of business conditions.

Richard O. Gall has been elected president and general manager of Schoeller Technical Papers, Inc. a Mead affiliate located in Pulaski, NY.

Jack Marvin has been named to the new position of director of sales-foodservice for The Fonda Group, Inc.

Ronald J. Musolino has been named manager of sales and market development—Western Region for International Paper Company.

James G. Crump, Jr. has been named president of Great Northern Nekoosa's Nekoosa Papers division.

Richard E. Olson has been named vice president, printing and writing papers for Champion International.

William C. "Pete" Howard has been appointed vice president, Southern operations for Nekoosa Papers, Inc.

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PRINTING PAPER

PRINTING BROKERS ORGANIZATION FORMED

New executive director Geoffrey F. Caldwell recently announced the formation of the Printing Brokerage Association (PBA). The PBA, headquartered in Arlington, VA, will provide a central source of information on qualified printing brokers and printers in the U.S. and Canada.

"Nearly half of all printing sales in this country are generated through printing brokers," Caldwell said, "and there are more than 3,000 brokerage firms operating in North America. Few people in the industry are aware of the positive effect of printing brokerage toward more profitable sales."

The PBA will provide broker members with detailed information on the physical (plant) capabilities and product specialties of highly qualified printers. The PBA printer members (associate) will receive easy access to a multi-national, extended sales organization of printing brokers. All members will have access to private research, video training and consulting services. Both printer and broker members will meet stringent standards of ex-

perience, quality and ethics. PBA's auxiliary activities will include regional conferences and seminars, publication of industry trends, and statistics.

Assisting in the coordination of the PBA is Glenna T. (Jackie) McWilliams, formerly the executive director of Printing Industries of America's Association of Graphic Arts Consultants. Members of PBA's Charter Advisory Board are: Robert Craft, Sr., Craft Press Printing Brokers; Michael Gerson, The Gerson Organization; Darr Kartychak, Intermedia Consultants, Inc.; Robert M. Levine, Robert M. Levine, Inc.; Cap Mattie, Mattie Graphics; Harry May, Printing and Graphics; Dana Monosoff, Dana Monosoff and Associates; and Harry Rowley, Graphic Management Systems.

PRINTERS SEE PAPER INVENTORY LEVELS DROP

Printers' inventory of paper continued to decline during the first quarter of the year, reported the National Association of Printers and Lithographers. The drop of 3.5 days to an average of 27.4 days of paper on hand in printing plants was a result, printers said, of the greater availability of paper.

Production sources in the magazine publishing industry reported to NAPL that the "paper crunch" had eased during the first quarter of the year but they did not

expect this situation to last for the rest of 1985. They felt that the situation was "comfortable but fragile" at best and that serious paper problems could happen overnight.

Although magazine production personnel felt they had enough paper, printers surveyed by NAPL reported that obtaining coated publication grades was still a problem. On the other hand, they said that most commonly used papers were readily available.

TREND TAPES AVAILABLE

The National Association of Printers and Lithographers has two new tapes available in the "Graphic Arts Journal in Sound" series: *Printcasts '85* and *TechTrends*.

Printcast '85, the fourth in the series, probes the ten major "PrintTrends" currently posing challenges and opportunities for printing management. It includes detailed analyses of trends vital to informed decision-making for both short- and long-term planning. Discussed are the new technologies impacting the industry, the growing importance of marketing effectiveness, improving productivity through cost effective technology, and flexography as a new imaging process competitive to offset.

TechTrends is an audio-tour of PRINT '85, April's record-breaking exhibit held in Chicago. The tape is an analysis of the productivity implications of the technology introduced at the gigantic show, by far the largest in U.S. graphic arts history. Analyst William C. Lamparter, an NAPL non-resident consultant, reviews and weighs what PRINT '85 revealed as the industry's technological *status quo* from both its benefit and dilemma perspectives—the negative and positive aspects of "the substitution of capital (in the form of machinery) for people." As informative for those who attended PRINT '85 as for those who did not, *TechTrends* offers a cornucopia of expert insights.

The tapes are available through NPTA's Communications Department at \$14.95 each. Call 516-829-3070.

PRINTING INDUSTRY ORDER BACKLOG COMPARISONS

Comparison First Day of 2nd Quarter 1985 to Last 6 Months and to All-Time High					1984 versus 1984 Historical Comparison		
INDUSTRY GROUP	Average Backlog in Days				Backlog on April 1, 1985 versus April 1, 1984		
	OCT. 1	JAN. 1	APRIL 1	Record High\$	MORE	SAME	LESS
All Groups*	18.0	16.4	13.1	18.0	17%	24%	59%
Sheetfed	14.5	14.1	11.6	17.3	19%	22%	59%
Heatset Web	33.6	31.4	25.2	35.0	14%	22%	53%
Non-heatset Web	16.8	18.7	12.3	22.8	17%	13%	70%
Business Forms*	9.7	15.9	9.6	19.9	12%	44%	44%
Quick Printers	4.7	5.4	2.6	5.4	5%	47%	48%

\$Highest reported backlog 1980 through 1st Quarter 1985, inclusive.

*Excluding Quick Printers.

Information for companies that produce business forms as a secondary (not a primary) product.

Source: National Association of Printers and Lithographers

INDUSTRIAL PAPER

NPTA TO PRESENT PACKAGING SYMPOSIUM

NPTA's Industrial Paper Division Committee announced that it will present a special symposium on packaging as it's first "Product Specific" Symposium. The *Packaging Symposium* will be held in Chicago October 30-31, 1985. Future symposiums will deal with other important product areas of the industrial merchant's business such as food service and health care disposables.

This first *Packaging Symposium* will feature industry experts as well as university representatives who will discuss many vital issues dealing with this important part of the industry. The topics have been chosen for individuals who have had previous experience in packaging, such as sales personnel, sales managers and of course principals of companies. The goal of this symposium is to provide valuable information that is applicable to the day-to-day practices in the industrial packaging business.

PACKAGING MAKES PERFECT

Sturdiness and dependability are the qualities restaurateurs and store owners seek in takeout packaging. According to an article in the April 3rd issue of *Restaurants and Institutions*, the surging market for prepared food "to go" demands container that will not leak, spill or allow grease to seep through during the trip home. "I can't tell you how many people love our packaging because it's so sturdy," says Gary Mitchell, owner of S&S Restaurant & Deli in Cambridge, MA.

Style and versatility are also important. Foodservice operators use matching colors and patterns, logos, and dis-

tinctive designs as marketing tools. Russ Lewis, UCLA purchasing agent, considers "how many ways you can use the same particular plate," according to the article.

Barb Utke, vice president of administrative services of International Food

Management in Buena Park, CA, reported that patterned disposables increased the efficiency of cashiers at in-plant cafeterias by allowing faster identification of food items. In addition, she says, the containers helped keep food neater and at the right temperature.

NPTA INDUSTRIAL PACKAGING SYMPOSIUM OCTOBER 29-30, 1985

O'Hare Hilton Hotel, Chicago, Illinois

SCHEDULE OF EVENTS

October 29, 1985

Arrival

October 30, 1985

- 7-7:30 am —Breakfast on your own
- 7:30 am —Registration
- 8:00 am —Opening Remarks—Francis J. Houlihan, President,
Fleetwood Paper Co., Chairman, NPTA
Industrial Paper Division Committee
- 8:15 am —3M & THEIR PACKAGING NEEDS, William Petryk, 3M
Director of packaging
- 9:30 am —TESTING PROCEDURES FOR PAPER IN THE PACKAGING
FIELD—Walter A. Wozniak, President, Chicago Paper
Testing Laboratory
- 12:00 Noon —Lunch
- 1:00 pm —PRODUCT LIABILITY IN PACKAGING—Mike Weir, NPTA
Legal Counsel
- 2:00 pm —TRENDS IN PAPER PACKAGING—Donald L. Abbott,
Michigan State University School of Packaging
- 6:30 pm —Reception
- 7:30 pm —Dinner on your own

October 31, 1985

- 7-8:00 am —Breakfast on your own
- 8:00 am —TECHNIQUES OF PRINTING ON INDUSTRIAL
PACKAGING—Luther Rogers, Thilmany Paper Company
- 9:30 am —CUSHIONING MATERIALS USED IN INDUSTRIAL
PACKAGING—Chester Gaynes, Technical Director, Gaynes
Testing Laboratories, Inc.
- 12:00 Noon —Lunch
- 1:00 pm —THE INDUSTRIAL FLEXIBLE PACKAGING WORLD:
Yesterday, Today & Tomorrow—Mr. Frank G. McDermott,
Senior Vice President, Ludlow Corp.
- 2:30 pm —PLANNING YOUR STRATEGIC ATTACK INTO PACKAGING—
speaker to be announced
- 4:30 pm —Departure

Registration materials will be mailed to industrial and dual members and will also be available during the NPTA Convention & Exposition in New York, October 5-8, 1985.

Expectations for Printing and Paper Demand

A fresh look at the demand for printing, paper, and mill capacity projections. This study provides insight into the changing market for printing papers.

Ask a printer what concerns him most about the future and his answer might be in the form of a question, "Will I be able to get enough paper?" It is clearly the most important element in the creation of his products. To run the press, he requires paper to run. The delicate balance between demand for printing and paper availability is constantly weighed and tested by paper merchants. They want to know what is changing on both fronts to understand better how their service to customers must be delivered.

Note: In no way can one article answer all the merchants' questions about what the future holds in printing demand or paper availability. But what can be learned is the latest information available on the subject. The reader must choose for himself what is important; see how this data fits his marketplace and his understanding of the industry served.

Paper

The speculation about the future availability of paper has always been in question. What merchants had seen in the past 18 months was the continuing growth in coated paper demand, while the call for uncoated grades has leveled off. As the economy heated up in 1984,

the demand drove mill operating rates to near-maximum capacity. Why? Because printing, lagging six to nine months behind the economy, then took off quickly and the paper mills had to play catch-up.

The renewed demand for printing and paper in 1984 brought great quantities of paper in from overseas. As reported in the March issue of *MN*, coated paper imports grew from 162,000 tons in 1983 to 427,000 tons in 1984—an increase of 176%. And uncoated imports grew 113%. The single most important factor uncovered in that article was that European paper manufacturers were then saying that they were "here to stay."

European mills are allocating part of their production for the American market and they are saying that this will not change even if U.S. paper manufacturing grows. European mills have added capacity showing a greater reliance on exports. Some experts say that exchange rate differentials between the dollar and the currencies of the major paper trading countries will remain at the same basic level for the next three years. What this could mean in the future is more aggressive marketing in the United States on the part of European paper mills and their U.S. distributors to keep the demand up for their products.

U.S. paper manufacturers' plans for adding additional capacity went on hold during the last recession but were revitalized as the economy turned around. The American Paper Institute reports that (as of June 11, 1985) capacity increases in all coated grades will be significant in 1987. Total domestic coated capacity will grow by nearly one million tons by then. Uncoated grades are growing much more slowly.

Other research organizations are studying the paper availability question carefully from a number of vantage points. Data Resources, Inc. (DRI) has published "The U.S. Regional Printing and Writing Paper Study." The report is a grade-by-grade analysis of end markets, competition, pricing and investment returns. Among its findings are:

1. The printing and writing paper market will be one of high growth and should exceed the growth rate of the U.S. GNP through 1995. Demand for printing and writing paper will grow to about 27 million tons by then representing an average annual growth rate of 4%.

2. Coated papers are still the most profitable place to invest in the fine paper sector, states DRI, and will be a high growth market showing less susceptibility to overseas competition.

3. Investment in new uncoated free sheet capacity does not have as high an internal rate of return as does coated papers, despite the cost advantage that a new uncoated free sheet mill has over the average costs of existing producers.

The Paper And Printing Outlook Report (PA-POR), published by Strategic Futures, Inc. (SFI), holds another view of the future. The report agrees that many offshore paper suppliers have made a lasting penetration into the U.S. market. But they say that American paper manufacturers are concerned that if the dollar continues to strengthen against European currencies, this will further reduce the ability of U.S. producers to generate the revenue necessary to obtain new capacity funding.

One highlight of the report was the great strides made by super calendered (SC) papers. They predict that SC grades will be consumed in the United States at the rate of one million tons per year by 1987.

SC papers have long been considered a "step-child" to coated paper grades. But now SC has emerged to become the sixth major printing paper grade. Many paper end-users are joining the chorus of believers singing the praises of SC papers. Why? Because supercalendered papers, at times, can be substituted for coated papers, and with the growth in color printing in general, print buyers are moving up from ordinary uncoated grades.

There are basically three SC grades available in the U.S., states SFI. These are: STANDARD SC—the premium end of the line; MODIFIED SC—a step below Standard; and MODIFIED SC COMPETITORS—these are the lowest quality of the three. All SC grades are growing quickly for use in newspaper inserts, catalogs and direct mail pieces, reports SFI, and these grades will continue to benefit those users who are trading up.

Printing

It has always been said that printing follows the GNP. But it is interesting to note that printing has done better than the economy of late—showing real growth of 1-2% better than the GNP. Why is that? Industry experts seem to think that the real growth in the GNP is occurring in the service sector. "Clearly," states William C. Lamparter, president of the Printcom Consulting Group, "printers that are providing ink on paper to the service sector of our economy are doing better than those servicing heavy industry."

Paper merchants must heed signs such as

these. As the economy changes, so does the marketing of paper. Many clues to the future could be found at the PRINT '85 show held last Spring in Chicago, Lamparter said. In addition to the typical displays of presses and bindery equipment, the number of computerized front-end systems in evidence was staggering. But what does this mean to the paper merchant? Not much more than the computer invasion on the surface. Hidden behind the computers was the fact that computerization, the use of lasers, full-page make-up systems and the like are all allowing the inplant printer to take over a greater percentage of his own printing responsibility. Black and white printing appears to be moving out of the traditional printshop and is following the office copier. And the new user of these electronics may not even be the typical inplant operator. The marriage of the computer and copier is making unlikely people into publishers and printers.

This means that commercial printers are providing more color services as they leave their black and white work behind. They are using more coated and supercalendered papers to support that color. Without writing off the black and white printing, the merchant must track where that offset volume is going. It is being spread out to harder to serve, smaller offices around the country and being used more and more by people who do not call themselves printers.

Printing & Writing Paper Capacity (M Tons)

	Unctd. Free	Coated			Unctd. Grwd.	Total
		Free	Grwd.	Total		
1983	9354	2473	3522	5995	1710	17059
1984	10083	2704	3701	6405	1693	18181
1985	10559	2849	3744	6593	1710	18862
1986	10915	2910	3833	6743	1712	19370
1987	11187	3244	4302	7546	1713	20446
% Change From Previous Year						
1984	+7.8	+9.3	+5.1	+6.8	-1.0	+6.6
1985	+4.7	+5.4	+1.2	+2.9	+1.0	+3.7
1986	+3.4	+2.1	+2.4	+2.3	+0.1	+2.7
1987	+2.5	+11.5	+12.2	+11.9	+0.1	+5.6

Source: American Paper Institute, (as of 6/11/85)

On the standard commercial printing side, there are a number of factors that are propelling print growth, reports Strategic Futures. The changing economy is generating, at present, a greater need for printed communication. These changing factors include:

1. The growth of user-friendly software for

personal computers continues to drive the need for computer terminal printers. These printing devices, for example, are generating a need for multi-color printed continuous form paper. Further, the new developments in software and hardware are creating a demand for books, magazines, directories, manuals, direct marketing materials, point of purchase advertising, and other print advertising. This should not be overlooked. There are hundreds of computer magazines available today and the oldest of these recently celebrated its 10th anniversary.

2. There is a drive to segment markets into finer and finer demographic and psychographic cells. This has been fostered through the greater sophistication of mailing list managers. Thus, marketing sophistication in general is growing and is becoming an important part of how newspapers, magazines, directories and free community weekly newspapers are being sold.

3. This trend toward more targeted marketing has provided printed communications with one of its clear long-term advantages over electronic media. Advances in automation within the bindery operation has allowed printers to

further segment their output to give marketers the tools to reach both businesses and consumers more specifically.

4. The increased receptivity to print among major advertising agencies appears to be developing on several fronts. Many major advertising agencies have either established (or acquired) specialized direct marketing agencies to help their clients become more sophisticated in this area.

5. The increasing use of promotional advertising continues to drive the demand for coupon-related vehicles. Coupon redemptions by consumers have shown substantial increases during the past few years as advertisers have made greater use of four-color printing especially for those appearing in Sunday newspapers.

6. Upgrading of print quality continues to be evident in several markets, reports SFI. This shift to higher quality papers and aesthetics in the insert market represents the most important area for upgraded quality. Other areas where higher quality continues to be a factor include catalogs, directories, Sunday magazines and selected segments of the consumer magazine market.

7. The availability of an improved distribution system for the dissemination of the printed pieces is allowing many marketers to take advantage of the new-found channels for better communication—and in some cases, this is done with the development of advertising or subscription-supported vehicles to key customers or prospects.

8. The future actions of government legislation, reports SFI, is likely to lead to important changes in the demand for printed advertising. There is short-term concern for the future of tobacco advertising in print. On the other hand, a possibility exists for a future ban on beer and wine advertising on electronic media that would prove a boon to print.

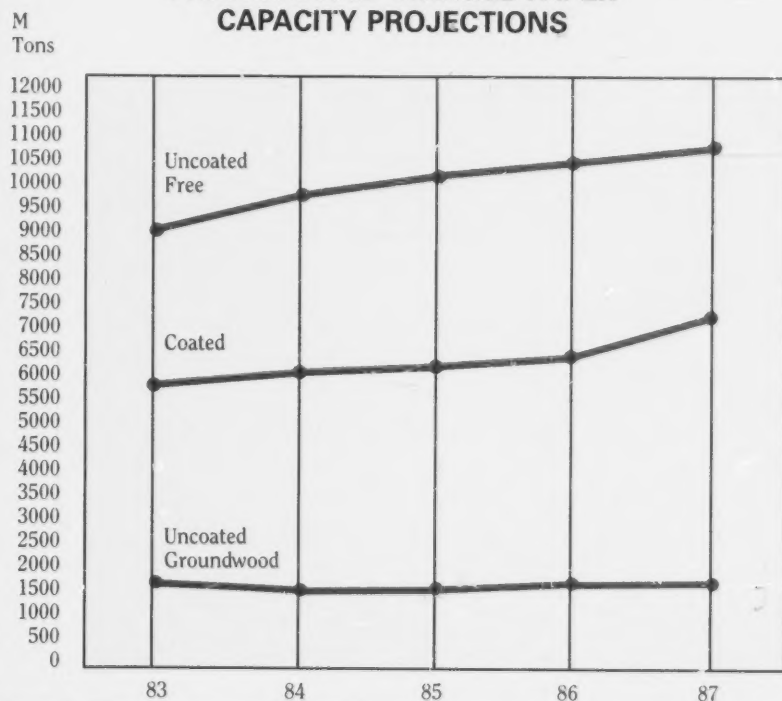
The study of the demand for print and its impact on the need for paper is a never-ending one. Paper merchants must become students of the changing graphic arts industry of which they are a part. A little homework can turn a good marketing program into a great one...and a good company into an industry leader.

Printing Forecast

Strategic Futures has forecasted changes taking place in printing and production through 1990. Their report focused on two specific areas—consumer magazines and catalogs. The

The American Paper Institute reports capacity projections periodically. This data is as of 6/11/85.

PRINTING AND WRITING PAPER CAPACITY PROJECTIONS



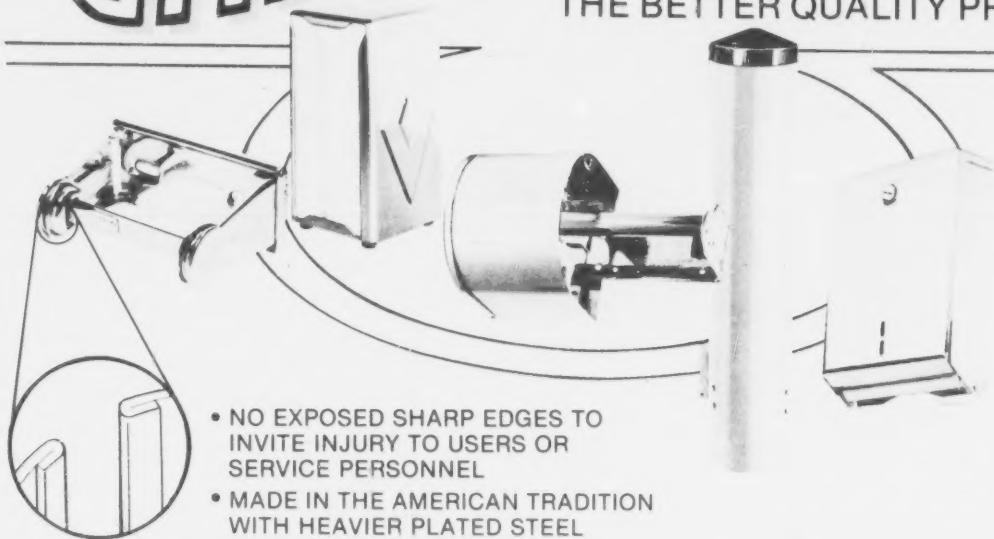
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following are the major questions posed by their research:

- Printers may well find the bindery and distribution areas to be the industry's new competitive battle ground. What investments in equipment, systems and personnel should [should not] change?
- Consumer magazine publishers and catalog-using merchandisers will be scrutinizing major cost-saving options and new opportunities for targeted marketing. What will these be and how will these affect their suppliers?
- Suppliers of graphic arts products and distribution services may need to alter their products/service offerings to reflect the changing needs of the marketplace. How should these suppliers be responding?

The environment for dynamic change is in place:

- Increasing competition for reader/buyer attention and the maximization of sales per advertising dollar invested.
- Enormously growing use of computer applications and sophistication, as well as substantial technological advancements in bindery operations.
- Rapid changes in the prepress areas and enhanced efficiencies in the press room—putting

even more pressure on improving the "back end" activities all the way through the delivery functions.

- Further government actions, such as the deregulation of the trucking industry, which has already occurred with potentially far-reaching results.
- Continuing cost-pricing pressures on buyers and sellers alike. Investments in the bindery and distribution activities can be huge, and the financial stakes are therefore equally high.
- The uncertainties of the cyclical United States economy, the paper availability outlook, etc.

For more information on these reports, contact: DRI, 24 Hartwell Ave., Lexington, MA 02173; and SFI, 595 Madison Ave., New York, NY 10022.

Why Have A Company Newsletter?

Moore Paper Company's newsletter, Moore Good News, began publication five years ago with the idea that because our company had grown in size a periodical produced by employees would be an excellent way for employees to learn about one another. It was also felt that it would be a good way to keep employees informed about scheduled events. I am happy to say that our newsletter has accomplished its goals, and more. I highly recommend this tool to any company.—Gregory C. Moore, vice president, Moore Paper Company.

Moore has more good people. That's what *Moore Good News* is all about. Having a company newsletter has been a tradition at Moore for about five years. We feel it is worth the time and dollars expended, since it promotes acknowledgement of personnel as well as company success. Plus,

it shows our genuine care for our employees.

With 300 employees in our company and so many different departments and varied types of positions, sometimes it is difficult to know how to recognize them individually. Since we have pressmen and truck drivers as well as office personnel, a newsletter is a great way to give recognition to those who otherwise might go unnoticed.

Currently, each month, the managers of each department or area are given an opportunity to contribute something noteworthy to the newsletter. Each is asked to forward some news about his group or some individual accomplishment. Birthdays, anniversary hire dates, new babies, marriages or promotions are all of interest to us and our readers.

The company "mission statement" includes a section stating, "Our greatest resource is our people" and our personnel director is instructed to hire above average people. Thus, our company newsletter would logically reflect that image—all of our employees are exceptional and all are valuable to us.

What works in putting together such a monthly publication seems to be to keep it simple. Stories need not be lengthy. A lot of different names and faces (traditionally only company employees) seems to be more important than a lot of words.

Interesting things can happen when doing a newsletter. Last month, one of our "sales reps of the month" declined an interview for an article about himself. Instead, he wrote a message in which he personally thanked each of the employees he works with for their team effort that resulted in the award. He then had his picture taken with all of them.

Still another employee, who was "employee of the month," could not be caught for an interview. This man had a wonderful sense of humor. Another employee also with a great sense of humor and a knack for writing was assigned the task of interviewing the winner. The result was a very cute *Playboy*-type interview.

At Moore, a visitor sees a lot of happy, smiling and friendly people who really like each other. We believe our company newsletter encourages this spirit and thus increases productivity. Join us; it's worth the extra effort.

Starting A Company Newsletter

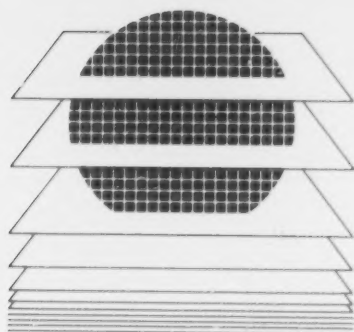
Here is a list of tips for anyone who might want to start a company newsletter.

1. Get feedback from all departments of the company.
2. Mention as many employees as possible.
3. Honor employees on all levels.
4. Promote good will rather than trying to sell.
5. Let the creative writers write it.
6. Let the artists in your company construct it.
7. Add a little humor.
8. Encourage thinking on a higher level.
9. Have some regular columns
10. Get it out on time. This lends credibility...employees will look forward to seeing it.
11. Have one executive level final editor.
12. Use new people on the staff to avoid "newsletter burnout."

*by Betty Hanagriff, editor
MOORE GOOD NEWS
Moore Paper Company
Houston, Texas*

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Does Training Work?

One of the most difficult problems facing a merchant involved in training his people is insuring that there is a transfer of skills from the sales meeting room to the workplace and into their day-to-day performance.

To ensure that trainees will go back to the job and perform as well there as they did in the training room, a special effort must be made to be sure that they see a payoff for exhibiting the new behaviors in the old setting. It is also important to note that reinforcing the performance and providing feedback ensures that the new skills are correctly learned. One must provide the very best, most job-related training possible if skills and knowledge will be seen in the trainee's on-the-job behavior.

A considerable amount of literature has been written on training. To determine whether training works, managers have done everything from on-the-job observation/coaching to performance appraisals. The Education and Training Department recently asked five paper merchants, "How do you know that your training works?" What follows are responses to this question.

John Burgess, vice president-planning, Butler Paper Company, Englewood, CO.

Evaluation is an essential component of a training program. Like any other major investment, sales training expenditures must be justified by results.

However, the success of a training program is not easy to measure. It is impossible to forecast the sales increase that will result from any given training investment. That doesn't mean that we don't look at sales. We continually monitor sales figures of the company as a whole, and

of individual sales representatives. We compare sales performance before and after training sessions, and use those results as one indicator of the effectiveness of our programs.

Other benefits of training are less tangible, but equally important. One of our most important goals is to instill a sense of professionalism in our sales representatives—something that can't be measured strictly in sales dollars. Our sales representatives are evaluated on their growth as professionals, based on feedback from sales managers, general managers and customers. It's a more subjective measurement, but it is a critical element in our programs.

It's important to realize that training is not a short-term proposition. It doesn't begin and end with a formal session, and

agers that determine the success of our sales training.

Kirk E. Vernon, vice president marketing-fine paper, Western Paper Company, Shawnee Mission, KS

We feel, for the following reasons, that training is extremely important and that it is worth the investment:

1. We have a very high retention rate among our sales people.
2. The success of our young sales people, in the early stages of their career, is very high.
3. We receive comments from our trainees after they've met competitors' trainees at mill seminars that our training program is much more thorough and lengthy—and our trainees feel good about that.
4. We receive positive comments from our customers and suppliers about our trainees. Both of these groups of important people tell us our young people are much better prepared for the full scope of the graphic arts industry, not just paper, not just supplies, that our competitors.

Our training program is a big investment and an expensive one, but there's no doubt in our mind of its importance and its value.

One of our most important goals is to instill a sense of professionalism in our sales representatives—something that can't be measured strictly in sales dollars.

neither does the evaluation process. Our sales managers and general managers in each location bear most of the responsibility for the recruiting, day-to-day training, and evaluation of sales representatives. We provide formal programs, structure and support from the corporate office, but in the end it is the feedback and follow-through from the local man-

Bruce R. Gardener, personnel manager, Bulkley Dunton, Inc., New York, NY

We know our training program works because of the success of our sales people when they get out into the marketplace. This (over simplification) is the result of an extensive selection process that brings us high quality people who not only want to sell, but more importantly, want to

sell paper. In other words, it means starting with the right people.

It is also the result of an organized program involving all managers and designed to keep the trainees interested and properly motivated as they go through the long training period, numerous learning sessions, and seminars that provide them with the product information, selling skills and desire needed to become the successful paper sellers they and we want them to be.

Chris H. Strassburger, director of management development, Distribix, Inc., Florissant, MO

From a corporate training standpoint, this is probably one of the most difficult questions to answer. However, for training to be effective, it must first have the total support of management. Without management's guidance of the programs in the field, all the work done in the actual training sessions become wasted.

Practically speaking, Distribix measures the benefits of its training by two methods, *feedback* and *results*.

From a company trainer's viewpoint, it is difficult to know if your training effort is successful or not without the proper feedback. The most gratifying experience I have as a trainer is when class participants call or write informing me of how their newly acquired skills helped them in a particular situation.

The corporation knows if the dollars spent in training are justified by results. Our company's sales have grown steadily over the years and every one of our sales people has been professionally trained. It has provided our sales people with the necessary tools to help them meet the challenges of selling in today's market. Yes, it is hard to say that we've been successful because of our training, but we do feel it has given us a competitive sales edge in our markets.

Jerry Acri, vice president, director of sales, Harrisburg Paper Company, Harrisburg, PA

The proof is in the performance. We cannot, as professionals, expect new sales people to consume and remember the thousands of products sold daily by a pa-

per distributor, or what has taken us as trainers, years to learn. Product knowledge comes only through repetition and experience. We can, however, expect our training to provide an overview of the paper industry—an understanding of the internal operations and the company's place in the market.

Although we emphasize product knowledge in our training, the accent is on the individual's ability to analyze customer needs—then know how and where to find the answers. For example, Scott

Paper Company manufactures hundreds of products. Yet, it is unrealistic to assume that a sales trainee will remember each item. On the other hand, if that same individual learns what types of products Scott produces, and how they are used, he has then narrowed his choices in solving a problem or filling a need.

At Harrisburg Paper Company, our training works when the individual has displayed a thorough understanding of the system and exudes confidence in both his, and his company's ability to sell.

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Elegant Paper Ware

This article, originally appearing in Newsday, reports that many are now realizing that disposable paper products need not be ugly. Attractive, high quality paperware is a growing trend.

They are available for every occasion imaginable. Well-known design firms like Mary Quant, Marimekko and Gear design them. They come in colors with names like pink blush, lovely lavender and passionate purple. They cover a myriad of styles—traditional, country, deco, 1950s, Santa Fe, Memphis, Scandinavian, Japanese.

Paper plates have gone high falutin'.

"Whatever rules there were about entertaining, there are none today," said Diane Wall, public affairs spokeswoman for Hallmark Cards, Inc. of Kansas City, MO, one of the biggest competitors in the paper ware industry. "Paper is just beginning to come of age."

Americans entertain 560 million times a year, according to recent research conducted by Hallmark, and the trend is toward more casual, spontaneous at-home entertainment. And, Hallmark found, paper and plastic products are used for half of all parties given.

Paper is no longer the pizza parlor stuff that you associate with tailgate parties

"Paper is no longer the pizza parlor stuff that you associate with tailgate parties," said Joseph G. Runza, president of Contempo of Kalamazoo, MI, a major competitor of Hallmark in the "quality" end of the market. "Our 12-inch plates you could serve a steak dinner on—and in any style that suites your fancy."

Paper and plastic ware makers and retailers say their versatility, convenience and relative inexpensiveness are making paper and plastic ware more popular. But it is the plethora of pattern and color choices that has given the industry "tremendous momentum in the last two or three years," according to Angelo Guimmarra, vice president of sales for Amscan Inc. of Harrison, NY, another major paper ware manufacturer. "The trend is definitely into more sophisticated designs and looks."

And, manufacturers and retailers say, the industry will continue to grow. "Paper lets you create a style all your own," Hallmark's Wall said. "Women are just beginning to have fun with paper."

The range is dazzling, and a walk through almost any paper ware store these days can overwhelm the buyer. Contempo offers 31 colors for more than 30 paper items and an assortment of designer ware. The company, that already produces the paper ware of Bob Van Allen, American Legacy and Gear, among others, plans to introduce a line designed by the clothier J. G. Hook in 1985. Hallmark will introduce 44 new designs next year, ranging from Southwest themes to solids and flowered prints. Amscan has 24 solid colors and an assortment of designs.

Most plates, cups and napkins also come in a variety of sizes and weights. And with the introduction of plastic and plastic-coated paper plates, gone are the days when you need to be afraid to cross the room at a party for fear of your laden plate suddenly buckling and sending your pasta primavera to the floor.

"It used to be that using paper plates meant that your food would seep onto your lap," said Chris Downey, wife of Rep. Tom Downey (D-Amityville). She uses paper plates for parties for their two children or for adult gatherings of more than six. "But now they have become so sophisticated and eye-appealing that I'm comfortable using them for parties."

Plastic utensils, also available in a variety of colors, are, in many cases, dishwasher-safe and reusable. Paper tablecloths, runners and coordinated and reusable plastic mats are also available. Crystal-like plastic serving and punch bowls in an assortment of shapes and sizes make it possible to entertain entirely without china these days.

Some charge that all these fancy paper and plastic products are expensive. But manufacturers and retailers answer that, compared to the costs of renting dishes, paper is still a bargain.

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Richard Sciascia, co-owner of Festive Party Supplies of West Babylon, one of the largest party goods stores on Long Island, said that he entertained 25 for Thanksgiving, "going all out" on paper ware for \$31.39. But, he said, the same dinner could have been served on paper ware costing \$12.28, that, he contended, would have been decorative—and durable—enough to handle a full turkey dinner.

Using the more expensive dinnerware, Sciascia said he chose heavy-duty 11-inch dinner and eight-inch dessert plates decorated with a turkey; matching cups and three-ply napkins; a paper tablecloth, also with a Thanksgiving theme, and extra-heavyweight utensils. For \$12.28, Sciascia said, you could use nine-inch heavy-duty plastic-covered plates with an orange-and-beige harvest design, matching seven-inch dessert plates, matching cups, two-ply orange napkins and white heavyweight utensils, plus the paper turkey tablecloth.

Even at a higher price, Sciascia contended, the paper ware was a bargain. "Do you know what it is to wash for 25 people?" he asked. "Do you even have 25 forks and spoons?"

Entertaining for large numbers remains high on the list of times when paper and plastic ware are used. But, retailers and manufactur-

ers say, more and more people are mixing paper and china in other generally more formal settings.

"No one is suggesting that paper will replace Waterford crystal or Lenox china," said Runza of Contempo. But, he asked, how many cocktail parties does one attend these days where paper napkins—instead of the more formal linen—are used for hors d'oeuvres?

And mixing one's crystal and china with paper is becoming mores and more *de riguer*, according to Hallmark designers, who offer a whole series of tips on how to mix paper with blue stemware, linen place mats and silverware. For a more sophisticated dinner look, they suggest using brass plates to line their burgundy and gold Art Deco design plates. Or burgundy linen table mats with brass napkin holders.

The combinations are endless and the uses limited only by the imagination. "Anybody who has common sense would have to use paper," said designer Oleg Cassini, who has designed his own line of paper and plastic ware for Hallmark. "It's part of the computer age."

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ROTA— YOU VS THE INDUSTRY

Probably the most important and valuable ratio of all the data collected and analyzed in the Performance Analysis Report (PAR) for paper merchants is Return On Total Assets. Readers should pay close attention to this report.

The annual Performance Analysis Report (PAR) of financial performance by paper merchants generates over 300 different ratios. These measures, calculated by Management Foresight, Inc. (MFI) of Columbus, Ohio are grouped into several categories that analyze: sales, profitability, profit margin management, and financial leverage.

These 300 ratios should be viewed as an inter-related set of performance measures that tell a story about how well a paper merchant is doing compared with his peers in similar regions, sales volume classes, or product classifications. Problem areas will be revealed when a merchant's results differ *significantly* from these industry averages. However, each company has its own goals and style of operation, and may be willing to accept lower than average results in one area if it is balanced by above-average results in another area.

Probably the most valuable ratio in the PAR is Return On Total Assets (ROTA). ROTA is a profitability measure which related profit earned on sales to a firm's asset investment. Following is the ROTA formula:

$$\text{ROTA} = \frac{\text{Net Profit On Sales}}{\text{Total Assets}}$$

This measure, which evaluates a paper merchant's combined performance in two key areas, namely profit margin performance and asset management, is so vital that all companies participating in PAR

are ranked as high, median or low ROTA firms. A "high" ROTA firm is one that has results mid-way between the very strongest and the median value. A "low" ROTA firm's results are at the mid-point between the weakest and the median value.

The table on the facing page compares the seven major functional area expenses incurred by all paper merchants during 1984 and 1983.

The combined physical distribution costs associated with *storage, handling and delivery* of products ate up at least 23.6% of each gross profit dollar in 1984, for the *most* profitable merchants. For the *least* profitable firms, this figure was as high as 35.6%. Printing paper merchants spent 27.3%–35.6% on these expenses in 1984 (a 30% spread between high and low-profit firms). Industrial paper firms spent 23.6%–28.1% (19% spread) and dual merchants spent 29.2%–34.4% (17.6% spread).

Printing, industrial and dual firms all cut their storage expenses between 1983 and 1984, for both high and low-profit ROTA groups.

Combined Sales Service (inside sales support, telemarketing, etc.) and *selling* (outside sales reps) expenses ate up an additional 33.4% of gross profit dollars at the very minimum (for most profitable firms). The least profitable firms had 42.2% of gross profits taken up by these expenses. There was a 19% spread between high/low ROTA firms in printing paper, 12% for industrial houses, 14.5% for dual.

Administrative expenses accounted for another 9.9% of gross profits at best, 21.8% at worst for low ROTA groups. The spread between high/low profit firms was 72% for printing paper houses, 91% industrial, and over 100% for dual houses.

For high ROTA firms, by individual expense, printing paper merchants had the lowest selling expense related to gross profit. Dual houses had the lowest administrative costs. Industrial firms had the lowest storage, handling, delivery, office and sales service expenses of the three type of merchants.

For more information on ROTA and the many other measures used to analyze the paper merchant's business, consult the 1985 Paper Merchant Performance.

FUNCTIONAL AREA EXPENSE MEASURES FOR HIGH & LOW PROFIT FIRMS

(1984 vs. 1983 PAR Results)

	Low ROTA Firms		High ROTA Firms		Your Firm
Storage Expenses as % *W.&I. Gross Profit	1983	1984	1983	1984	
Printing	10.23	8.89	6.53	5.60	
Industrial	7.52	6.01	6.56	4.44	
Dual	8.21	8.14	8.18	7.24	
Handling Expense As % *W.&I. Gross Profit					
Printing	14.60	13.45	11.12	10.55	
Industrial	7.67	7.75	7.21	8.30	
Dual	11.81	11.06	10.44	10.98	
Delivery Expense As % *W.&I. Gross Profit					
Printing	14.29	13.24	10.17	11.17	
Industrial	16.33	14.31	12.21	10.84	
Dual	14.88	15.16	11.19	11.00	
Office Expense As % Gross Profit					
Printing	11.08	13.44	8.74	10.46	
Industrial	11.86	12.91	8.90	9.15	
Dual	15.28	16.16	11.06	13.78	
Administrative Expense As % Gross Profit					
Printing	17.09	18.57	11.94	10.81	
Industrial	15.87	21.75	12.72	11.37	
Dual	18.20	20.49	10.14	9.90	
Sales Service Expense As % Gross Profit					
Printing	10.80	10.49	7.20	7.98	
Industrial	8.70	7.58	4.66	5.10	
Dual	10.70	10.11	7.85	7.48	
Selling Expense As % Gross Profit					
Printing	29.04	30.08	23.67	24.86	
Industrial	34.37	33.15	32.27	30.51	
Dual	29.38	27.70	26.11	25.22	
Sales Serv. & Selling Exp. As % Gross Profit					
Printing	39.32	40.61	31.62	34.07	
Industrial	40.52	42.16	36.56	37.57	
Dual	38.06	38.19	33.72	33.35	
*Warehouse & Indirect					

Did You Know...?

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The White House Tax Plan

Wholesalers want to know how they will be affected by President Reagan's new corporate rate reduction plan. The National Association of Wholesaler-Distributors (NAW) prepared the following analysis.

"As you will note," reports NAW president Dirk Van Dongen, "a firm with \$100,000 in earnings will enjoy a 12% reduction in its federal tax burden. A firm with \$500,000 in earnings will receive a 21% reduction and those with a \$2.5 million or more in pre-tax earnings will receive a 28% reduction."

These are very significant increases in retained earnings, particularly when considered in light of the retention of graduated rates for smaller firms in the President's proposal, NAW reports. NAW fought hard for the restoration of the

graduated rates in the administration's package. The original treasury proposal would have eliminated graduated rates.

"We are in the process of evaluating the impact of the non-rate provisions of the Administration proposal on our industry (wholesaling)," Van Dongen said. "Assuming, as our initial analysis suggests, that these provisions have a 'wash' effect on wholesaler-distributors' taxable income, enactment of the president's package would fundamentally improve on industry's ability to generate growth capital through increased retained earnings," he said.

ADMINISTRATION TAX REFORM PROPOSAL—INCREASE IN RETAINED EARNINGS

TAXABLE INCOME	CURRENT LAW	EFFECTIVE RATE (%)	ADMINISTRATION PROPOSAL	EFFECTIVE RATE (%)	INCREASE IN RETAINED EARNINGS	
					\$	%
\$ 25,000	\$ 3,750	15.0	\$ 3,750	15.0	\$ -0-	-0-
50,000	8,250	16.5	8,250	16.5	-0-	-0-
75,000	15,750	21.0	14,500	19.3	1,250	7.9
100,000	25,750	25.8	22,750	22.8	3,000	11.7
140,000	44,150	31.5	35,950	25.7	8,200	18.6
160,000	53,350	33.3	43,490	27.2	9,860	18.5
180,000	62,550	34.8	51,030	28.4	11,520	18.4
200,000	71,750	35.9	58,570	29.3	13,180	18.4
220,000	80,950	36.8	66,110	30.1	14,840	18.3
240,000	90,150	37.6	73,650	30.7	16,500	18.3
260,000	99,350	38.2	81,190	31.2	18,160	18.3
280,000	108,550	38.8	88,730	31.7	19,820	18.3
300,000	117,750	39.3	96,270	32.1	21,480	18.2
320,000	126,950	39.7	103,810	32.4	23,140	18.2
340,000	136,150	40.0	111,350	32.8	24,800	18.2
360,000	145,350	40.4	118,800	33.0	26,550	18.3
500,000	209,750	42.0	165,000	33.0	44,750	21.3
750,000	324,750	43.3	247,500	33.0	77,250	23.8
1,000,000	439,750	44.0	330,000	33.0	109,750	25.0
1,200,000	541,750	45.2	396,000	33.0	145,750	26.9
1,405,000	646,300	46.0	463,650	33.0	182,650	28.3
1,500,000	690,000	46.0	495,000	33.0	195,000	28.3
2.5 Million	1,150,000	46.0	825,000	33.0	325,000	28.3
5.0 Million	2,300,000	46.0	1,650,000	33.0	650,000	28.3

G-P Finds Problems With President's Plan

The President's tax proposals threaten to turn the United States into "a nation of repair shops and hamburger stands" at the expense of its manufacturing industries, according to the chief executive officer of a major forest products company.

"The tax proposals are clearly proposals to export jobs instead of products," T. Marshall Hahn Jr., chairman and CEO of Georgia-Pacific Corp., told the Georgia Forestry Association's annual meeting. "No major country has ever become, or remained, a great power by relying upon service industries alone."

Hahn pointed to declining productivity and the loss of markets to foreign competitors as evidence of the need for incentives for U.S. manufacturers to modernize their facilities, which has been held back because of high costs.

"The Administration's recent tax proposals would make matters worse for manufacturing companies," Hahn said. "The loss of the investment tax credit and accelerated depreciation will remove a tremendous incentive to invest in modern, efficient production facilities."

With respect to the forest products industry, Hahn observed that "the loss of capital gains treatment for timber and the requirement to capitalize forest management expenses and interest expenses on timber investment, rather than allow them as current deductions will hit our industry hard."

"I know of no other industry where it is proposed that the carrying cost of capital assets cannot be expensed," he noted. "The change is inequitable because of its uneven impact on one industry. Also, it does not accurately reflect the long-term nature of the timber investment, which is ideally suited to a capital gains treatment."

Hahn said that national policy should focus on making competitiveness with foreign producers a national commitment, rather than adopting the disincentives to industrial growth.

PAPER MERCHANT SALES REPORT

JUNE, 1985

NPTA Region	Sales Per Selling Day June 1985 - Compared To - June 1984	Sales Per Selling Day June 1985 - Compared To - May 1985	Sales Per Selling Day 1985 Year-to-Date - Compared To - 1984 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of June		Calendar Day Cost* of Ending May Inventory	
				1984	1985	1984	1985
1	- 2.0	+ 1.5	+ 2.4	43	39	—	—
2	+ 1.5	+ 5.4	+ 1.8	36	35	52	47
3	- 0.5	- 12.0	- 0.5	36	37	59	55
4	- 3.3	- 4.8	+ 2.1	39	38	56	52
5	+ 0.2	+ 0.1	+ 2.8	35	35	61	61
6	- 3.0	+ 9.1	+ 0.0	40	41	—	—
7	+ 0.0	+ 3.3	+ 3.2	40	36	54	55
NY	+ 2.9	+ 2.7	+ 8.1	43	40	—	—
Chicago	- 3.1	- 1.8	+ 3.8	38	39	—	—
LA	†	+ 2.3	- 4.1	53	44	57	54
US	+ 4.2	- 0.2	+ 1.8	40	39	56	53

1	+ 11.5	- 0.6	+ 10.0	48	46	—	—
2	- 7.9	+ 1.0	+ 3.7	46	41	61	58
3	+ 1.7	- 19.3	+ 10.3	41	38	88	82
4	- 6.0	- 2.8	+ 2.2	43	41	73	67
5	+ 0.7	+ 9.4	+ 4.8	44	42	81	83
6	+ 2.9	+ 6.0	+ 0.0	39	39	—	—
7	- 5.0	+ 2.8	- 4.9	40	38	79	76
NY	+ 14.6	+ 11.9	+ 12.6	40	41	—	—
Chicago	- 13.8	+ 6.7	- 7.0	40	42	—	—
LA	†	- 3.4	+ 0.0	45	43	79	79
US	- 3.2	+ 1.0	+ 3.3	43	43	77	72

*To calculate monthly inventory turnover, divide 365 calendar days by # of calendar days cost, e.g., $365/73 = 5.00x$.

†Note: A major change in reporting status by one firm in the database for this area prevented calculation of a valid statistic. Adjustments are in progress.

Region 1: CT, ME, MA, NH, RI & VT

Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)

Region 3: AL, FL, GA, NC, SC, TN & VA

Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)

Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY

Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)

Region 7: AR, LA, MS, OK & TX

NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union

Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.

LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernardino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

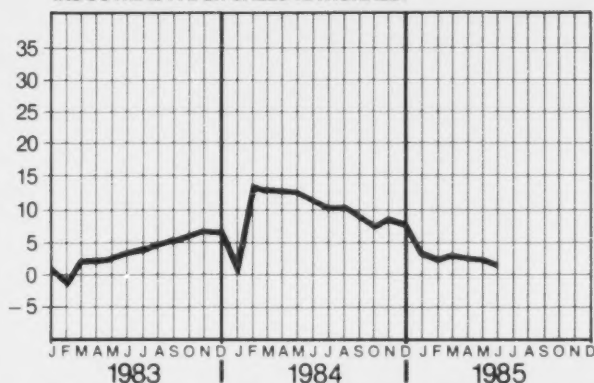
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1983 TO PRESENT

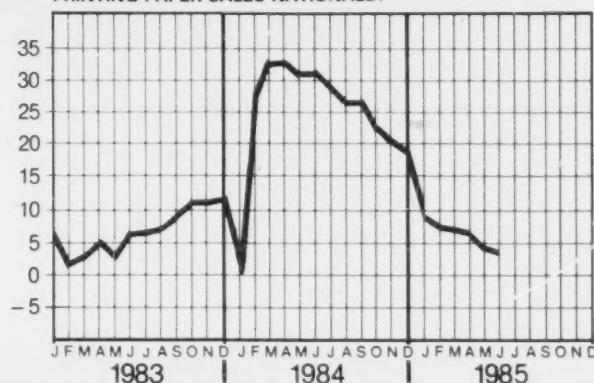
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



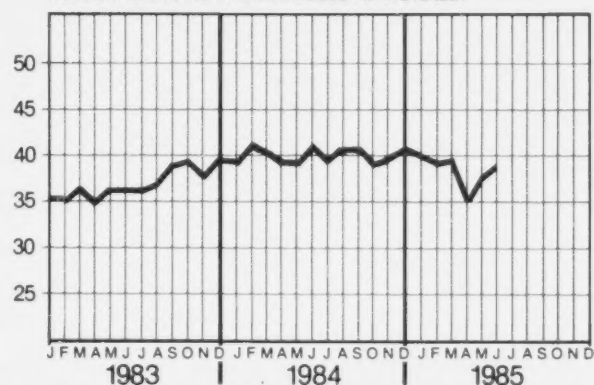
PRINTING PAPER SALES NATIONALLY



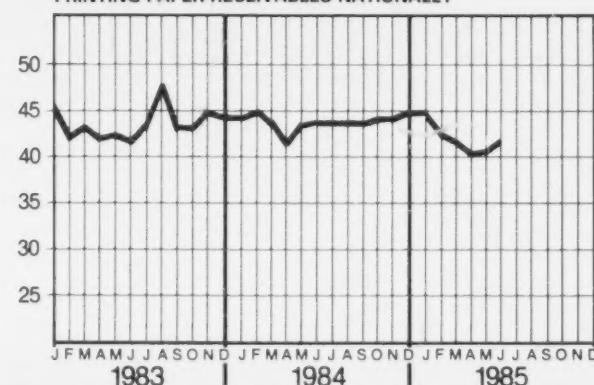
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



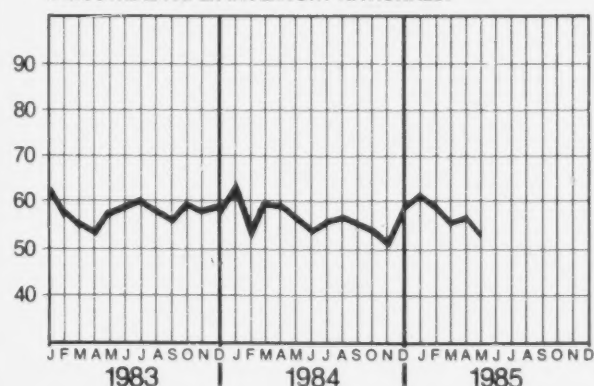
PRINTING PAPER RECEIVABLES NATIONALLY



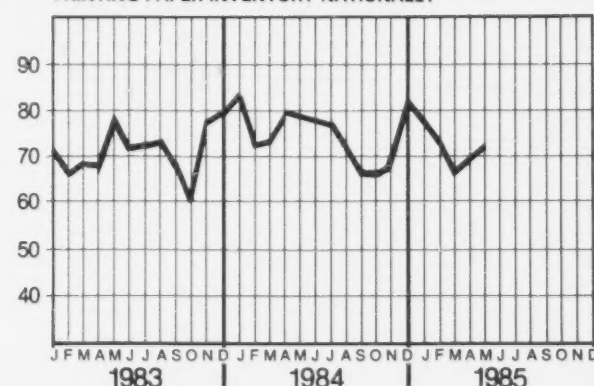
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



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